

7 CFR Part 3550 DIRECT SINGLE FAMILY HOUSING LOANS AND GRANTS

SECTION 3550.2 Purpose. This instruction sets forth policies for the direct single family housing programs for low and very low income people who live in rural areas in Missouri.

Redelegation of Authority. Authorities delegated to the State Director in this Subpart, except where such delegation is specifically excluded, are hereby redelegated to the Single Family Housing Program Director and Single Family Housing Specialists.

SECTION 3550.211 (c) Prior Lien(s). If there is a prior lien involved with an RD borrower that has become delinquent and the prior lienholder initiates foreclosure action, RD will review and calculate the debts against the property to decide if it would be advantageous for RD to pay the prior lienholder prior to the sale, and ask CSC to reamortize the loan. In most cases we will pay prior to the sale. We will not ask for an assignment of their deed of trust or note. If we make the decision not to pay prior to the sale, the local office should contact the attorney holding the sale to ask that we be allowed to bid and produce only a voucher that date for the amount of our bid. If that is not granted, the local office will contact the State Office at least five days prior to the sale to order a check for the amount of our bid. The local office will need to calculate net recovery value including the amount of prior lien to determine what to bid at the sale. If RD is holding the foreclosure sale, we will be selling our second lien position only, subject to the prior lien. In this case, follow the instructions given in Exhibit A of this Missouri instruction.

The local office will check the screens in FasTeller for a borrower one day before foreclosure to assure that no cures have been accepted by CSC.

DISTRIBUTION; State, Area & Local Offices

Account Servicing  
Property Management

RD-MO Instruction 3550

Referral of Case.

In routine monetary Rural Housing foreclosure cases which do not include pending bankruptcy action, title defects, non-monetary default, or other special legal problems; the instructions will be issued by the Area Director in accordance with this State Supplement and Exhibit A of this procedure. The Local, Area, and State Office will comply with all steps in foreclosure instructions outlined in Exhibit A. Area Office will review all forms thoroughly for completeness and correctness before submission to OGC.

Reports on Sale and Finalizing Foreclosure. Review of Trustee's Deeds and the finalization of the foreclosure action must be made by OGC to determine compliance with Missouri law.

ATTACHMENT: Exhibit A